

AR36





our new corporate symbol

Reproduced on our cover, and above, is the new symbol adopted by Canadian Utilities and its subsidiaries. The new corporate design program, developed in 1970, is intended to strengthen the companies' identification within their service areas and reflect a modern and progressive operation.

The new design incorporates a distinctive and contemporary lettering style for the company name, a logogram or symbol to provide a strong visual company identification, and a distinctive color combination of blue and ochre.

The above elements will be embodied in the design of stationery, literature, advertising and on vehicles, equipment and property. When fully implemented, the unified design will strengthen company recognition in the service areas and more clearly identify the companies as investor-owned utilities.

The new logo is now a registered Canadian trademark.

the cover

Battle River thermal electric station where the new 150,000 kilowatt plant increases Canadian Utilities' total generating capacity at this station to 216,000 kilowatts. Battle River is about 100 miles northeast of Red Deer in central Alberta.



canadian UTILITIES, LIMITED

and subsidiary companies

Fort McMurray Power Company Limited

The Yukon Electrical Company Limited

Yukon Hydro Company Limited

Registered Office: 10040 - 104 Street, Edmonton, Alberta, Canada

BOARD OF DIRECTORS

E. W. King, Edmonton

President, Canadian Utilities, Limited

F. C. Manning, Calgary

President, Manning Egleston Lumber Company Limited

J. E. Maybin, Edmonton

Chairman and Chief Executive Officer, Canadian Utilities, Limited

D. R. B. McArthur, Edmonton

President, Inland Cement Industries Ltd.

K. L. MacFadyen, Calgary

Senior Vice-President, Finance, Canadian Utilities, Limited

J. M. Seabrook, Salem, New Jersey

Chairman and President, International Utilities Corporation

A. F. Shortell, Lloydminster

President, CKSA - TV Limited

L. F. Snyder, Calgary

Farmer

M. E. Stewart, Media, Pennsylvania

Senior Vice-President - Utilities, International Utilities Corporation

D. K. Yorath, Edmonton

Chairman of the Executive Committee and Vice-President, International Utilities Corporation

Honorary Directors

H. R. Milner, C.C., Q.C., Edmonton

Honorary Chairman of the Board, Canadian Utilities, Limited

G. L. Cooke, Lloydminster

Physician

G. E. Kelly, Edmonton

Engineer

OFFICERS

J. E. Maybin, Chairman and Chief Executive Officer of the Company

E. W. King, President

K. L. MacFadyen, Senior Vice-President — Finance

R. H. Choate, Vice-President and General Manager

E. G. Ringrose, Vice-President — Administration

K. Provost, Vice-President — Engineering

J. E. Bagshaw, Vice-President — Marketing

W. G. Sterling, Vice-President — Production

R. N. Dalby, Vice-President

A. M. Anderson, Controller

W. A. Sullivan, Secretary

H. N. Bottomley, Treasurer

H. Brown, Assistant Secretary and Assistant Treasurer

highlights in review

	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1960</u>
STATISTICAL						
Customers at Year End . . .	59,616	57,798	56,395	54,812	53,401	46,082
Total Sales (thousands of kilowatt-hours)	1,033,594	870,735	726,030	605,616	524,370	236,530
Retail Sales (thousands of kilowatt-hours)	838,015	723,496	618,645	529,876	468,625	229,037
Average Annual Customer Use: (kilowatt-hours)						
Residential	5,156	5,075	4,608	4,287	4,215	2,458
Farm	8,640	8,264	7,414	7,062	6,468	3,724
Maximum Demand (thousands of kilowatts)	211	184	174	150	127	72
Plant Capacity (thousands of kilowatts)	350	327	176	175	173	90
Miles of Power Lines	6,949	6,697	6,228	5,893	5,655	4,064
FINANCIAL (in thousands of dollars, except share data)						
Gross Additions to Plant..	\$ 13,446	\$ 13,867	\$ 21,480	\$ 13,607	\$ 8,722	\$ 3,367
Total Assets	\$ 118,962	\$ 105,088	\$ 95,094	\$ 73,984	\$ 61,775	\$ 37,472
Total Sales of Electric Energy	\$ 22,909	\$ 17,880	\$ 15,262	\$ 13,471	\$ 12,452	\$ 7,749
Retail Sales	\$ 20,789	\$ 16,879	\$ 14,791	\$ 13,307	\$ 12,212	\$ 7,670
Net Income:						
From Operations . . .	\$ 3,923	\$ 3,892	\$ 3,727	\$ 2,933	\$ 2,450	\$ 1,491
Including gain on sale of investments	\$ 3,923	\$ 6,195	\$ 3,830	\$ 2,965	\$ 2,450	\$ 1,491
Shares Outstanding:						
Preferred	105,000	105,000	105,000	105,000	55,000	55,000
Common	1,182,274	886,706	886,686	886,686	878,280	633,332
Earnings Per Common Share:						
From Operations . . .	\$ 3.71	\$ 3.75	\$ 3.56	\$ 2.78	\$ 2.49	\$ 1.93
Including gain on sale of investments	\$ 3.71	\$ 6.35	\$ 3.68	\$ 2.82	\$ 2.49	\$ 1.93
Dividends Paid—						
Common	\$ 1.70	\$ 1.70	\$ 1.70	\$ 1.70	\$ 1.70	\$ 1.25

44th annual report of the directors

Net earnings, before extraordinary items, for the year 1970 increased to \$3,923,000 from \$3,892,000 in 1969. After providing for preferred dividends, this represents \$3.71 per share for 905,331 common shares, the weighted average number outstanding during the year, compared to \$3.75 per share for 886,706 shares in 1969.

New rates for electric service had been authorized on an interim basis by the Public Utilities Board of Alberta in December, 1969. Following receipt of a further order of the Board in May, 1970, adjustments were made to account for changes in the interim rates. Accordingly 1970 represents a full year's operation on the schedule of rates approved by the final decision of the Board.

Revenues in 1970 increased by \$5,029,000 over 1969 to \$22,909,000 because of the new rates combined with substantial market growth.

Operating costs for 1970 were subject to the full impact of fixed costs associated with the new 150 megawatt Battle River Generating Unit No. 3 as well as general increases resulting from higher wage levels, increased fuel, supplies and interest costs. The influence of the major increase in system generating capacity on operating costs was not fully offset during 1970, the initial year of operation of the 150 megawatt unit, because some of the increase has been provided for future growth of energy demand.

Total kilowatt hour sales in 1970, including sales to an associated company, Northland Utilities Limited, increased by 19% over 1969 to 1,034 million kilowatt hours. Retail sales with the company's own service area were 16% higher than last year, amounting to 838 million kilowatt hours. The demand for electric energy within the company's service area has continued to increase at a rate more than two and one-half times the Canadian average.

The number of customers increased to 59,616 in 1970, an increase of 1,818 over 1969.

On December 15, 1970 the company issued \$9,000,000 of 9 $\frac{5}{8}$ % sinking fund debentures due in 1991. As the result of a rights offering to the holders of its common shares, it also issued 295,568 additional shares during December for a consideration of \$8,867,040, bringing the total number of common shares outstanding to 1,182,274.

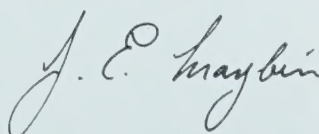
The proceeds from the stock and debenture issues enabled the company to complete its \$13,000,000 construction program during 1970 and start 1971 free of short term debt. Additional financing will be required in connection with the \$25,000,000 program contemplated for 1971.

During 1970, the company, together with other electric and gas utility companies, made strong representations concerning certain sections of the White Paper on Tax Reform dealing with dividend tax credit treatment of utility shareholders. Both the House of Commons and Senate Committees endorsed the stand taken by the utilities and gave recommendations which were favourable so far as continuation of a dividend tax credit for utility shareholders was concerned, with the Commons Committee recommending that the Minister of Finance seek an appropriate arrangement with the Provincial Governments to enable such a credit to continue. Legislation which will replace or revise the present tax laws is expected during the current session of Parliament.

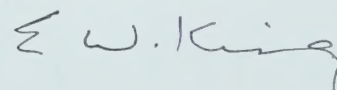
During 1970 the board regretfully accepted the resignation of Mr. J. C. Dale as a Director and Vice-Chairman of the company. Mr. Dale accepted an assignment with a consulting firm and is taking part in the organization and administration of the electrical industry of East Pakistan. Mr. Dale leaves the company after thirty-eight years of service and after guiding the company as its chief executive during thirteen years of its most rapid progress.

The directors sincerely appreciate the efforts of all employees who have helped the company to continue its significant expansion and development while at the same time maintaining its objective of dependable service.

BY ORDER OF THE BOARD OF DIRECTORS



J. E. Maybin, Chairman.



E. W. King, President.

February 26th, 1971.



Crews use a "pole-cat" machine to replace a pole line at High Prairie.



Surveyor stakes a new pole line.



Snowmobile patrols a power line near Grande Prairie.



At Drumheller a serviceman checks an automatic voltage control unit on a power line.

report on operations

IN BRIEF

The company continued its vigorous growth rate during 1970 as it surpassed the one billion mark in total annual kilowatt hour energy sales. This included an increase of 16 per cent in retail energy sales over the previous year, reaching a total of 838 million kilowatt hours. In addition, the company sold 195 million kilowatt hours to its associate company, Northland Utilities Limited.

The company now owns and operates 6,949 miles of line and operates 13,706 miles for co-operative rural electrification associations. A total of 252 miles of transmission and distribution lines were built in 1970.

MARKET GROWTH

The total number of customers served stood at 59,616 at the end of 1970, after an increase of 1,818 during the year. Several major loads were added to the system with service to oilfields providing the largest increases. The company now serves 100 different oil companies at some 1,500 locations, mainly in northern Alberta. Revenue from this source amounted to 17 per cent of the total derived from electric sales.

As a result of recent increases in the amount of Canadian oil imported into the United States there has been a marked increase in electric energy consumption in oilfields served by Canadian Utilities and its associate company Northland Utilities, as well as significant increases in electrical power supplied to pipeline pumping stations.

A new gas processing plant, having a demand of 600 horsepower is about to go on line at Hope Creek in the Virginia Hills field, near Swan Hills. Another gas plant, at Judy Creek in the Swan Hills area, is doubling its capacity and will have an additional demand of 1,200 horsepower. Swan Hills is 140 miles north of Edmonton.

Numerous energy loads were increased as oil companies changed well pumping systems in order to increase production and meet the new demands. New installations were also added for oil well pumping, increased battery output and water flood. A demand for new and increased capacity in all oilfields is expected in 1971.

The power requirements of the McIntyre Porcupine coking coal mine at Grande Cache reached a full operating level when the coal processing plant was completed late in 1970. During 1971, the first full year of operation, this will be the largest single load supplied by Canadian Utilities.

The Fort McMurray area also achieved considerable growth in 1970. Connections included 82 new homes, two school additions, two apartments and approximately 40 mobile homes. Another 250 mobile homes are already slated for service in 1971. Approximately 500 of the mobile units are now connected and it is projected that 250 of these will be replaced by new houses within two years.

The announcement of firm plans for an \$80 million pulp mill ended the year with a very optimistic outlook for the immediate Grande Prairie area. Although the mill will supply its own power requirements, the stimulus to the economy of the region provided by three years of construction activity, and approximately 700 jobs which will be provided in the mill and woodland operations when production begins, will be accompanied by increases in the energy demand on Canadian Utilities system in that area.

The Rural Electrification Association plan of farm electrification has been in effect in Alberta since 1949 and although there has been practically complete saturation of farms in the company's service areas, 175 new farms were served in 1970. This brings the total farms served by the REA's in these areas and directly by the company to 15,658.

Even though the increase in rural customers is dropping off as farms are consolidated into larger units, electrical usage can be expected to continue its increase in rural areas as a result of the economical advantages and the additional uses being found for electricity.

NEW CONSTRUCTION

During 1970 the company's capital expenditures for new plant and equipment was \$13,400,000, with \$3,500,000 being spent on the new generating unit at Rainbow Lake and \$3,500,000 on the initial stages of construction at the H. R. Milner Station.

On September 18, 1970, only 10 months from the initial date of order, the new 30 megawatt gas turbine at Rainbow Lake was supplying power to the Alberta grid. This addition made the Rainbow Lake station, 350 miles northwest of Peace River, the second largest in the company's system with a total generating capacity of 58 megawatts. Work is under way to enable this station to be remotely operated from the Sturgeon Plant, 450 miles to the south.

Most of the orders for the major materials and components to be used in the H. R. Milner generating

report on operations

station, located near Grande Cache, 75 miles northwest of Jasper, have been placed. Foundation and piling work is completed. Delivery and at least the partial installation of most mechanical and electrical equipment will be completed in 1971. Initial operation is planned for the fall of 1972. Thermal pollution of the water in the nearby Smoky River will be prevented by the use of large cooling towers. A combination of dust collectors and electrostatic precipitators will keep the emission of fly ash to a minimum.

The major spending for transmission lines and substations was in the Grande Prairie and Drumheller areas. About \$600,000 was spent on extensions to other distribution systems, including services and meters.

The largest line construction job was 65 miles of 144,000 volt line from Mitsue to the Nipisi oilfield in the Slave Lake area, 130 miles northwest of Edmonton. The cost of the work with associated substation additions was about \$800,000. It will handle the 3,000 horsepower Rainbow Pipe Line load and permits an increased supply of power to the facilities of Northland Utilities for transmission to the Peace River country and the more northern areas.

SUBSIDIARY COMPANIES

Mining development in the Yukon Territory accounted for half of the increase in electrical sales, and continued to be a major factor in the economic expansion of the Yukon Hydro Company Limited and The Yukon Electrical Company Limited, which together serve 16 communities in the Yukon Territory.

Kilowatt hour sales of 83.6 million were 10 per cent higher than last year and revenue, at \$2,578,490, was up a corresponding amount. During the past year \$586,000 was spent on new plant and equipment throughout the Yukon Territory. This includes 13 miles of line constructed from Carcross to the new Venus mine which produces gold, silver, lead, zinc and cadmium.

Approximately 120 additional homes were served in Whitehorse during 1970, plus two 23-suite electrically heated apartment blocks. Two similar apartment complexes are planned for the near future.

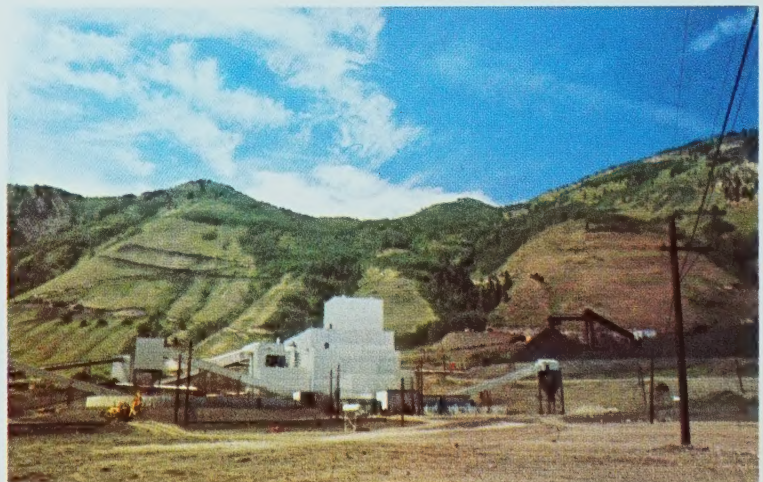
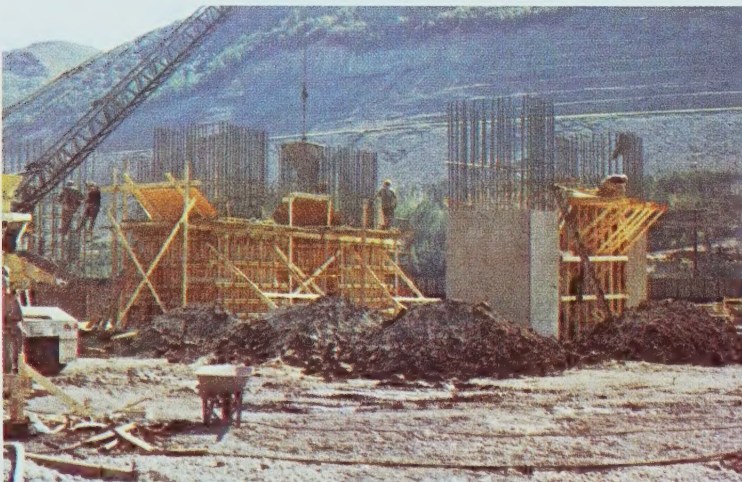
FUTURE DEVELOPMENT

Capital expenditures for Canadian Utilities and its subsidiaries in 1971 are expected to reach a total of \$25,000,000, with approximately \$17,500,000 being spent on the next stages of construction of the H. R. Milner generating station near Grande Cache.

The balance of the expenditures in 1971 will be for transmission and distribution facilities. Approximately \$1,600,000 of this will go towards the 1971 portion of a \$2,800,000 line between Grande Cache and Grande Prairie which is scheduled for completion in 1972. This line, when completed, will provide a means of delivering power generated at the H. R. Milner station to the Grande Prairie area.

Further expenditures of \$295,000 are forecast for 1971 in the Yukon Territory.

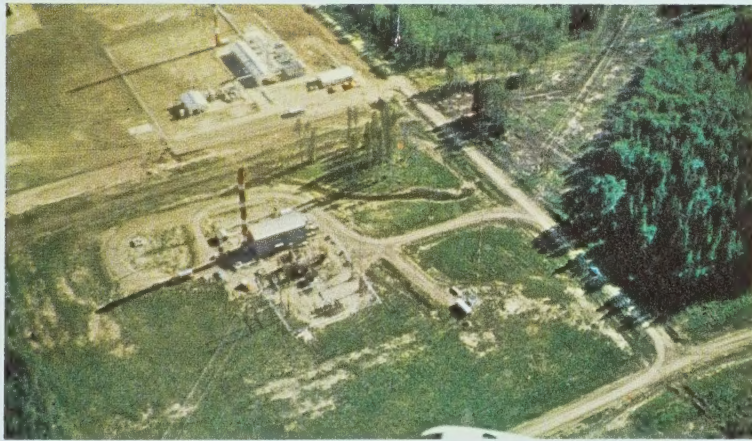
Studies on the possible benefits of an inter-provincial connection to the Saskatchewan Power Corporation system are being continued.



Power for the Grande Cache mine and town site will be produced at the 150,000 kilowatt H. R. Milner Generating Station (left) now under construction and to operate in 1972.



The Rainbow plant is the second largest in the system with 58 megawatts.



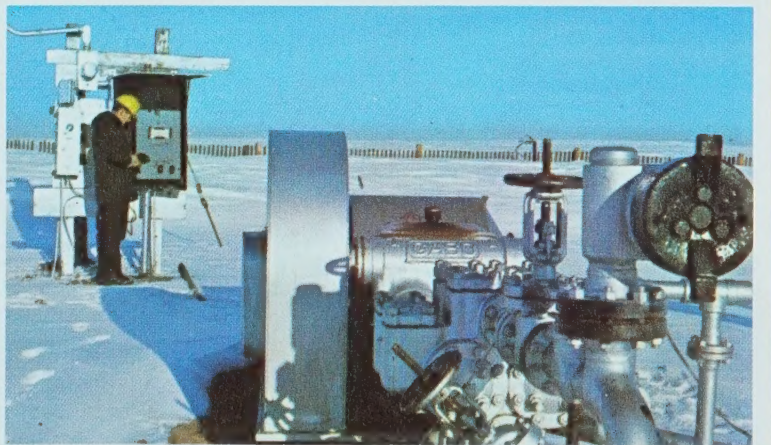
Simonette plant from air.



Mobile generators provide power in remote oilfield areas.



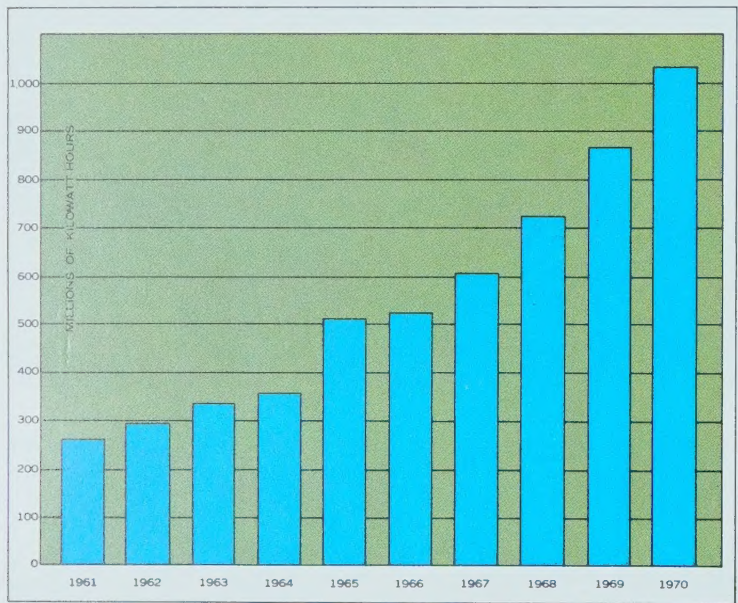
Attractive landscaping of the staff house and hydro station at Whitehorse has drawn wide interest from visitors to the Yukon.



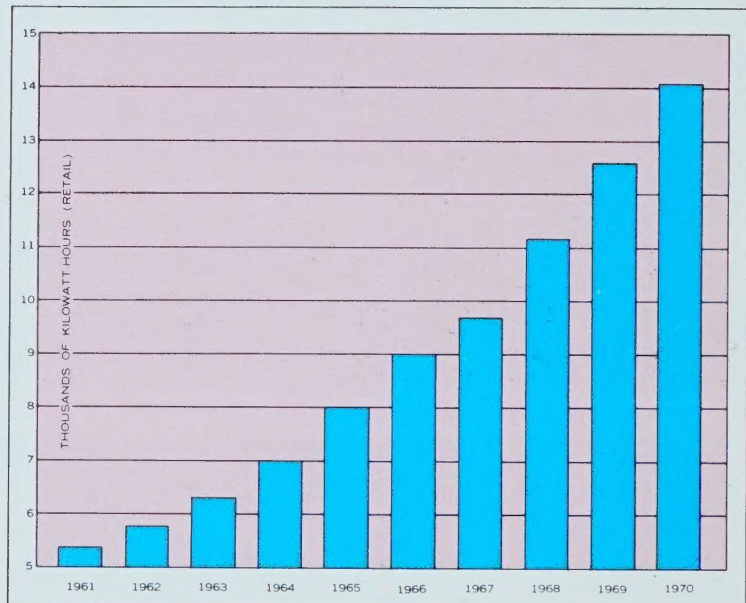
Familiar sight in the system are electric powered oilwell pumps.

ten years of progress

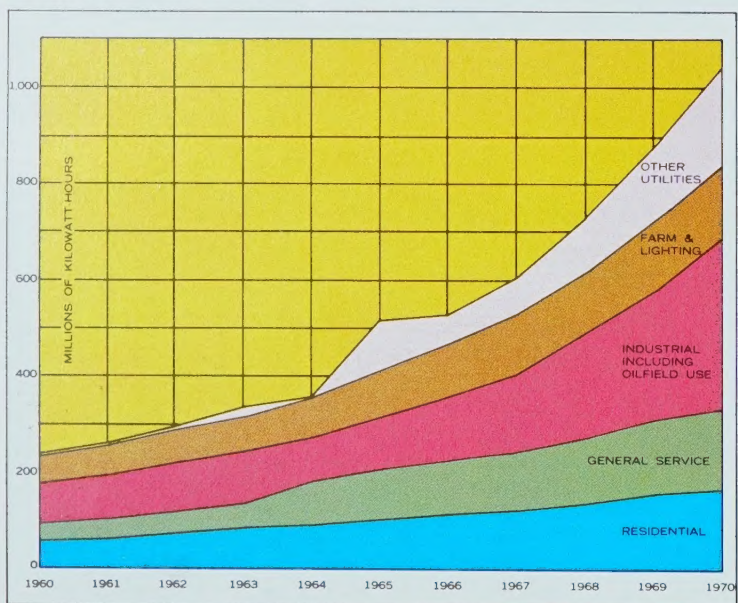
ENERGY SALES



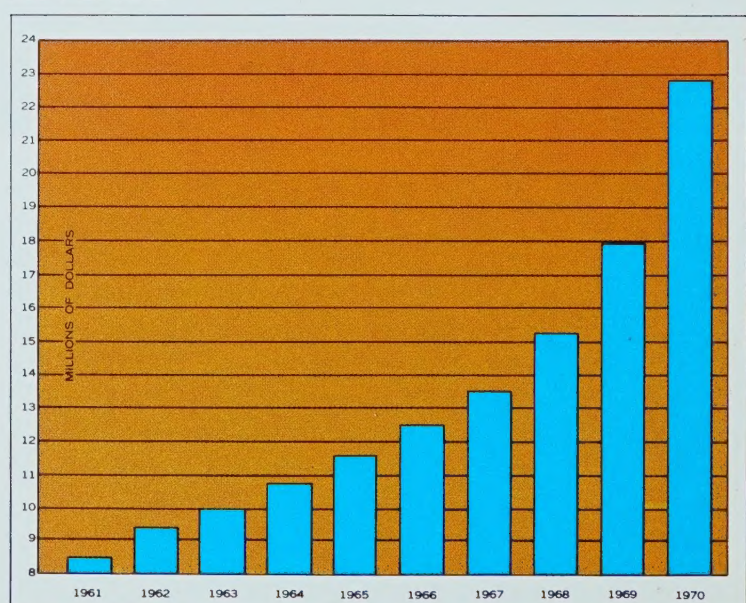
ANNUAL SALES PER CUSTOMER



ENERGY SALES CLASSIFIED



REVENUE



auditors' report to the shareholders

We have examined the consolidated balance sheet of Canadian Utilities, Limited and subsidiaries as of December 31, 1970, and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company and subsidiaries at December 31, 1970, and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Edmonton, Alberta
February 2, 1971

Transfer Agents and Registrars

COMMON SHARES AND PREFERRED SHARES

MONTREAL TRUST COMPANY

Edmonton, Alberta — Calgary, Alberta —
Winnipeg, Manitoba — Toronto, Ontario —
Montreal, Quebec — Vancouver, British
Columbia — Regina, Saskatchewan

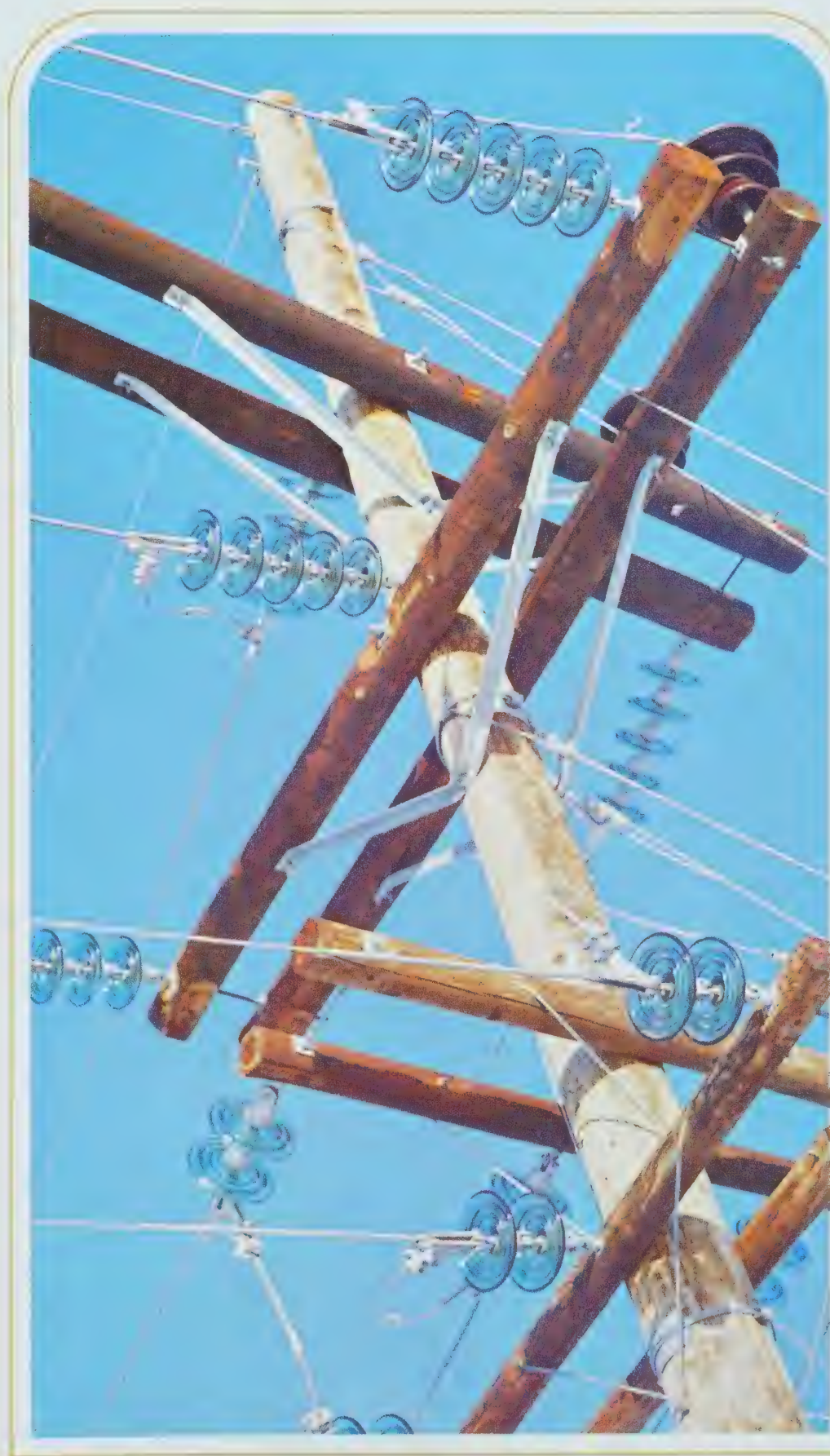
CONVERTIBLE DEBENTURES

THE ROYAL TRUST COMPANY

Edmonton, Alberta — Winnipeg, Manitoba —
Toronto, Ontario — Montreal, Quebec —
Vancouver, British Columbia

Auditors

PEAT, MARWICK, MITCHELL & CO.
1001 - 2 Empire Building
10080 Jasper Avenue
Edmonton 15, Alberta



consolidated balance sheet

December 31, 1970
(with comparative figures for 1969)

ASSETS

Fixed assets:

Property, plant and equipment, at cost	\$ 123,108,010	\$ 110,706,568
Less accumulated depreciation (note 1)	20,489,372	17,539,177
Net fixed assets	102,618,638	93,167,391

Trust funds for rural co-operative lines, per contra:

Trustee investments at cost and accrued interest, and cash	4,661,250	4,399,931
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Investments not having market quotations, at

cost, less provision for loss, \$175,000	1,005,187	968,702
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Current assets:

Cash	66,966	678,775
Short-term investments, at cost	4,300,000	—
Accounts receivable, less allowance for doubtful accounts	2,333,322	2,214,130
Due from affiliated companies	505,386	365,483
Income taxes recoverable	—	79,000
Government of Canada special refundable tax	—	8,107
Operating and construction supplies, at average cost	1,489,034	1,693,954
Prepaid expenses	139,636	3,791

Total current assets	8,834,344	5,043,240
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Unamortized debt discount and expenses	1,742,469	1,412,833
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Deferred expenses	99,829	96,088
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On behalf of the Board:

J. E. MAYBIN, Director

E. W. KING, Director

\$ 118,961,717	\$ 105,088,185
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See accompanying notes.

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity:

	<u>1970</u>	<u>1969</u>
Preferred shares (note 2)	\$ 10,500,000	\$ 10,500,000
Common shares of no par value:		
Authorized — 1,500,000 shares		
Issued — 1,182,274 shares, designated value (notes 3 and 4)	17,297,500	8,430,460
Retained earnings (note 4)	17,727,794	15,876,135

Total shareholders' equity	45,525,294	34,806,595
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Long-term debt (note 4)	59,744,750	50,962,000
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Amounts held in trust for rural co-operative lines	4,661,250	4,399,931
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Current liabilities:

Loans payable to bank	—	8,300,000
Accounts payable and accrued liabilities	3,567,828	2,723,041
Accrued interest on long-term debt	538,384	504,051
Long-term debt — current maturities (note 4)	146,250	190,250
Deposits for rural co-operative construction	504,620	568,977
Due to parent and affiliated companies	13,445	11,014
Income taxes (note 5)	1,399,600	—

Total current liabilities	6,170,127	12,297,333
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Other liabilities:

Consumers' deposits	317,382	292,887
Miscellaneous	312,348	285,730

Total other liabilities	629,730	578,617
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Contributions for extensions to plant	2,230,566	2,043,709
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Commitments (notes 6 and 7)

	<u>\$ 118,961,717</u>	<u>\$ 105,088,185</u>
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consolidated statement of earnings

Year ended December 31, 1970
(with comparative figures for 1969)

	<u>1970</u>	<u>1969</u>
Sales of electric energy	\$ 22,909,080	\$ 17,880,178
Operating expenses:		
Operating	7,916,996	7,054,358
Maintenance	1,468,526	1,105,088
Taxes — income (note 5)	1,941,268	687,632
Taxes — other than income	754,742	611,576
Depreciation exclusive of \$143,962 included in operating and other accounts (1969 — \$83,386)	3,311,012	2,340,390
	<u>15,392,544</u>	<u>11,799,044</u>
Net operating income	7,516,536	6,081,134
Other income:		
Interest during construction	136,533	1,074,543
Interest and dividends	46,032	33,973
Gain on purchase of long-term debt	35,156	—
Miscellaneous	169,656	140,466
	<u>387,377</u>	<u>1,248,982</u>
	7,903,913	7,330,116
Income deductions:		
Interest on long-term debt	3,020,915	2,991,629
Interest on loan from parent company	615,872	32,442
Other interest	248,263	336,183
Proportion written off debt discount and expense	77,912	77,778
Expenses relating to issue of common shares	18,139	—
	<u>3,981,101</u>	<u>3,438,032</u>
Net earnings before extraordinary items	3,922,812	3,892,084
Extraordinary items:		
Gain on sale of investments	—	2,303,468
Net earnings (note 9)	<u>\$ 3,922,812</u>	<u>\$ 6,195,552</u>

See accompanying notes.

consolidated statement of retained earnings

Year ended December 31, 1970

(with comparative figures for 1969)

	<u>1970</u>	<u>1969</u>
Balance at beginning of year	\$ 15,876,135	\$ 11,068,056
Add:		
Net earnings for the year	3,922,812	6,195,552
Transfer of capital surplus	—	683,664
	<u>19,798,947</u>	<u>17,947,272</u>
Deduct:		
Dividends paid:		
5% cumulative redeemable preferred shares	200,000	200,000
Cumulative redeemable preferred shares:		
4¼% series	63,750	63,750
6% series	300,000	300,000
Common shares	1,507,403	1,507,387
	<u>2,071,153</u>	<u>2,071,137</u>
Balance at end of year	\$ <u>17,727,794</u>	\$ <u>15,876,135</u>

See accompanying notes.

consolidated statement of source and application of funds

Year ended December 31, 1970
(with comparative figures for 1969)

Funds provided by:

Operations:

Net earnings for the year	
Add depreciation and other charges not involving cash outlay	
Proceeds of issue of common shares (note 3)	
Proceeds from issue of sinking fund debentures	
Reduction in Government of Canada special refundable tax due beyond one year	
Proceeds from disposal of fixed assets	
Contributions for extensions to plant — net	
Other	

<u>1970</u>	<u>1969</u>
\$ 3,922,812	\$ 6,195,552
3,566,654	2,535,653
7,489,466	8,731,205
8,867,040	760
9,000,000	—
—	37,698
440,294	631,215
186,857	551,037
28,386	35,145
26,012,043	9,987,060
2,071,153	2,071,137
13,322,435	13,617,806
217,250	190,250
407,548	12,765
36,485	99,327
36,741	96,088
2,121	46,677
16,093,733	16,134,050
\$ 9,918,310	\$ (6,146,990)

Total funds provided

Funds applied to:

Payment of dividends	
Additions to fixed assets	
Reduction of long-term debt	
Debt discount and expenses relating to issue of sinking fund debentures	
Purchase of investments not having market quotations	
Deferred expenses	
Other	

Total funds applied

Increase (decrease) in working capital

See accompanying notes.

notes to consolidated financial statements December 31, 1970

1. Depreciation and amortization:

Property, plant and equipment is being depreciated and amortized in accordance with Board orders of the Public Utilities Board for the Province of Alberta as follows:

General plant (exclusive of transportation equipment) on a straight line basis at the rate of 3% per annum on the gross cost of the plant at the preceding December 31.

Other plant, including transportation equipment, at various rates based on estimated lives of the assets.

2. Preferred shares:

Authorized:

40,000 5% cumulative redeemable preferred shares of the par value of \$100 each.

150,000 series preferred shares of the par value of \$100 each, issuable in series, of which 15,000 shares have been designated as cumulative redeemable preferred shares, 4¼% series, and 50,000 shares have been designated as cumulative redeemable preferred shares, 6% series.

Issued and redeemable at the option of the company on thirty days' notice:

40,000 shares 5% (redeemable at \$104 per share)	\$	4,000,000
15,000 shares 4¼% series (redeemable at \$102.50 per share)		1,500,000
50,000 shares 6% series (redeemable at \$105 per share on or before February 1, 1972, thereafter reducing at various dates to a minimum redemption price of \$101 per share)		5,000,000
	\$	<u>10,500,000</u>

3. Pursuant to rights issued to holders of common shares, the company during the year issued 295,568 common shares for a total cash consideration of \$8,867,040.

4. Long-term debt:

Long-term debt at December 31, 1970 is summarized as follows:

First mortgage sinking fund bonds:

	<u>Total Amount</u>	<u>Current Maturities</u>
Series A — 3⅞%, due June 1, 1972	\$ 1,500,000	42,500
Series B — 3 2/5%, due December 1, 1974	474,000	12,750
Series C — 3 2/5%, due December 1, 1975	2,031,000	51,000
Series D — 4¼%, due November 1, 1979	3,560,000	40,000
Series E — 4⅞%, due April 1, 1981	3,326,000	—
Series F — 5½%, due December 1, 1986	5,000,000	—
Series G — 5⅞%, due June 1, 1990	12,000,000	—
Series H — 6½%, due February 1, 1992	8,000,000	—
	<u>35,891,000</u>	<u>146,250</u>

Sinking fund debentures:

Series A — 7¼%, due May 15, 1988	15,000,000	—
Series B — 9⅞%, due December 15, 1991	9,000,000	—
	<u>24,000,000</u>	<u>—</u>

Deduct current maturities

59,891,000	146,250
<u>146,250</u>	

Long-term debt less current maturities

\$ 59,744,750

Current maturities comprise sinking fund requirements maturing within twelve months from December 31, 1970, after deducting \$67,000 Series E first mortgage sinking fund bonds which have been purchased by the Company and excluding requirements which may be satisfied by certification of property additions.

(Notes to Consolidated Financial Statements continued on page 16)

notes to consolidated financial statements December 31, 1970

Excluding requirements which may be satisfied by certification of property additions, instalments of long-term debt maturing in each of the calendar years 1971, 1972, 1973, 1974 and 1975 amount to \$146,250, \$1,874,250, \$420,750, \$993,750, \$2,334,000 respectively, after deducting bonds which have been purchased as described in the preceding paragraph.

The 7¼% sinking fund debentures were issued with detachable share purchase warrants entitling the holders thereof to purchase at \$38 per share 10 common shares for each \$1,000 principal amount of debentures, if exercised on or before May 15, 1978. The purchase price was subject to reduction should the company issue further common shares at a price of less than \$38 per share. During 1970 the purchase price has been reduced to \$36 per share, in accordance with terms of the share purchase warrant indenture, resulting from the additional issue of common shares. To December 31, 1970 warrants pertaining to \$2,000 principal amount of debentures were exercised and accordingly, 20 common shares were issued for a cash consideration. The company has reserved 149,980 common shares for exercise of the remaining share purchase warrants.

The trust deeds and indentures securing the first mortgage bonds and sinking fund debentures place limitations on the company and its subsidiaries including restrictions on the payment of dividends on the company's common stock. To December 31, 1970 all of the conditions of the trust deeds and indentures had been met.

5. In fixing rates the Public Utilities Board of the Province of Alberta permits the company to recover only income taxes payable currently and accordingly, the company has not recorded in its accounts deferred income taxes relating to timing differences. The differences principally result from the claiming of depreciation at the maximum rates permitted by the Income Tax Act (being a greater allowance than that provided for in the accounts of the company). The postponement in income taxes to future years is approximately \$925,500 for the year ended December 31, 1970 and is approximately \$7,596,650 on an accumulated basis to December 31, 1970.
6. Commitment under contracts pertaining to construction of new plant amounted to approximately \$12,394,000 at December 31, 1970.
7. The company, together with certain of its affiliated companies, has in effect a pension plan covering substantially all of its employees. At December 31, 1970, the company's share of the aggregate unfunded past service liability, being amortized and discharged by cash payments over a period of approximately twenty years, amounted to approximately \$706,000.
8. The aggregate remuneration paid by the company and its subsidiaries to the directors and senior officers of the company was \$223,886 for the year ended December 31, 1970.
9. Earnings per common share:

	<u>1970</u>	<u>1969</u>
Basic:		
Net earnings from operations	\$ 3.71	3.75
Gain on sale of investments	—	2.60
Net earnings	<u>\$ 3.71</u>	<u>6.35</u>
Fully diluted:		
Net earnings	<u>\$ 3.39</u>	

The earnings per share figures are calculated using the weighted daily average number of shares outstanding during their respective fiscal years.

In the fully diluted earnings per share calculation, the assumption is made that share warrants for the purchase of 149,980 common shares at \$36 had been exercised at the beginning of 1970 and that the funds derived therefrom had been invested to produce an annual rate of 8%, before applicable income taxes. The amount of income imputed, after income taxes, was \$215,970.



An example of the balance between industrial needs and nature is to be found at the Battle River generating plant where water from the man-made lake is used and returned without thermal pollution. Other features of the lake include fishing and excellent picnic facilities on the wooded shores.

LEGEND



Electric Transmission Lines



Electric Generating Plants




Gas Pipe Lines



Communities Served: Electric




Gas



Oil and Gas Fields



Canadian Utilities Limited



Northwest Utilities Ltd.



Scale in Miles

Miles	0	20	40	60	80	100
0						
20						
40						
60						
80						
100						



